

Assembly Bill No. 2039

CHAPTER 469

An act to add Section 22061 to the Financial Code, relating to finance lenders.

[Approved by Governor September 13, 1998. Filed
with Secretary of State September 14, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2039, Baugh. Finance lenders law.

Existing law, known as the California Finance Lenders Law, provides for the licensure of persons who make consumer loans or commercial loans, and governs the terms and conditions of those loans. Existing law exempts certain specified persons from that law.

This bill would exempt from those regulatory provisions nonprofit church extension funds, as defined.

The people of the State of California do enact as follows:

SECTION 1. Section 22061 is added to the Financial Code, to read:

22061. (a) This division does not apply to any nonprofit church extension fund.

(b) For purposes of this section:

(1) "Nonprofit church extension fund" means a nonprofit organization affiliated with a church, that is formed for the purpose of making loans to that church's congregational organization or organizations for site acquisitions, new facilities, or improvements to existing facilities, purchased for the benefit of the church congregational organization.

(2) What constitutes a "church" shall be determined from the following criteria, none of which has controlling weight: a distinct legal existence; a recognized creed and form of worship; a definite and distinct ecclesiastical government; a formal code of doctrine and discipline; a distinct religious history; a membership not associated with any other religion or denomination; a complete organization of ordained ministers ministering to their congregations; ordained ministers selected after completing prescribed courses of study; a literature of its own; established places of worship; regular congregations; regular religious services; schools for the religious instruction of youth; and schools for the preparation of its ministers.

(3) "Church congregational organization" means a group of individuals who gather for the purpose of practicing the religion or

manner of worship promulgated by the church with which the organization is affiliated.

(4) “Site acquisitions” means purchases of land intended for use by a church congregational organization.

(5) “New facilities” means purchases of buildings or structures intended for use by a church congregational organization.

(6) “Improvements” means purchases of materials intended to increase the quality of existing religious sites or facilities.

(c) For purposes of this section, a nonprofit church extension fund shall establish that it is exempt from federal taxation pursuant to Section 501 of Title 26 of the United States Code.

(d) For purposes of this section, no individual may be held responsible for the repayment of any loan made by a nonprofit church extension fund.

